

THE END OF PENNY PRODUCTION – IMPACT ON FLORIDA SALES AND USE TAXES

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January 22, 2026

In late 2025, the US Treasury announced that it would cease production of the penny. In response to the penny shortage, the Florida Department of Revenue issued guidance on calculating the Florida sales tax due on cash transactions.

Generally, Florida requires organizations to collect and remit sales and use tax on goods and services sold in the state, unless a specific exception applies. The Florida state sales tax rate is six percent, and each local jurisdiction may have its own discretionary sales surtax. Organizations with taxable sales activities must generally file sales tax returns on a monthly, quarterly, semiannual, or annual basis, depending on the organization's level of sales activity.

The Florida Department of Revenue (DOR) recently published Tax Information Publication (TIP) 25A01-18,¹ which clarifies that **sales tax remains due on the actual sales price** before rounding due to the lack of pennies.

The DOR has indicated that organizations may round the total amount due in a cash transaction to the next lowest, next highest, or nearest nickel, so long as notice is provided to the customer.

The DOR recommends that organizations clearly and conspicuously disclose their rounding method for cash transactions through prominent signage. However, as noted above, the sales tax amount that must be collected and remitted to the state remains unchanged.

The following two examples, as presented in the TIP, illustrate how an organization can implement rounding in a sales transaction.

Example 1: A dealer sells a taxable item for \$9.84 to a customer paying in cash. The total state and local sales tax rate applicable to this sale is 7%. The total is \$10.53 (\$9.84 plus \$0.69 sales tax). Due to the penny shortage, the dealer chooses to round the total down to \$10.50. The sales tax due by the dealer for this transaction is \$0.69. This minor rounding adjustment to address the penny shortage does not require the sales price to be recalculated.

Example 2: A dealer sells a taxable item for \$9.84 to a customer paying in cash. The total state and local sales tax rate applicable to this sale is 7%. The total is \$10.53 (\$9.84 plus \$0.69 sales tax). Due to the penny shortage, the dealer chooses to round the total up to \$10.55. The sales tax due by the dealer for this transaction is \$0.69. This minor rounding adjustment to address the penny shortage does not require the sales price to be recalculated.

If your organization would like assistance with implementing the practices outlined above, please email our team at Info@NonprofitCPA.com.

¹ Source: https://floridarevenue.com/taxes/tips/Documents/TIP_25A01-18.pdf